

Vernon College
Assessment Activity/Report Communication Form
2017-2018

Department of Education Actual FY 2014

Title: Cohort Default Rate

Date of completion: September 24, 2017

Highlights of data: Our FY 2014 cohort default rate (CDR) was 14.6%, which was down from 15.9% the previous year. This was the first time our rate was below 15% since ED changed to a 3 year rate calculation in 2009. Our rate reflects the percentage of Vernon College students that entered repayment between Oct. 1, 2013 and Sept. 30, 2014, and defaulted on their loans before Sept. 30, 2016. Of the approximate 5.1 million borrowers that entered repayment in the 3 year CDR timeframe, more than 581,000 defaulted. The national FY 2014 default rate was 11.5 %, up from 11.3% in FY 2014. This was the first time in 4 years for the national rate to increase. Of the total that defaulted, over 169,000 attended a community college. This resulted in a national community college CDR of 18.3% in FY 2014, compared to 18.5% in FY 2013. The FY 2014 CDR for Texas was 10.4% (22nd lowest nationwide), down from 12.6%. West Virginia had the highest rate, 18.3%, and the lowest rate, 6.4%, was in North Dakota.

Use of Results for Improvement: Once our rate is at or below 15% for 3 consecutive years, VC will be able to offer benefits to our students such as no 30 day delay for first-year first-time borrowers, and one disbursement for single semester loans. Continue to contract for default management services, evaluate alternatives, and budget for increased costs due to loan volume.

Use of data: The US Department of Education has replaced its CDR calculations from two-year to three-year calculations as required by the Higher Education Opportunity Act of 2008. A three-year observation, the department says, will better reflect the number of borrowers who default on their loans. After the most recent release, eleven institutions had a CDR of at least 30% for three consecutive years or at least 40% for the latest year and were subject to sanctions, including a loss of eligibility for one or more federal student aid programs. We currently contract with Panhandle-Plains Management and Servicing Corporation to provide our default prevention services for approximately \$4,000 per month. The draft FY 2015 CDR rate will be released in February 2018.

How associated to Student Success? If VC ever lost Title IV eligibility, (last year we disbursed approximately \$11 million in Federal Title IV funds), our students would not receive this benefit and it would be difficult for VC to continue operating.

Where the report can be found: Financial Aid Office

- * To be shared with the Student Success Data and College Effectiveness Committees as well as Vernon College constituents.

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Submitted by: Melissa Elliott **Date:** October 5, 2017
(Responsible Party)

Received by Office of Institutional Effectiveness: October 7, 2017
(Date)

Posted to VC Website*: March 9, 2018
(Date)

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